

**Melbourne-Tillman
Water Control District**

FINANCIAL STATEMENTS

Year Ended September 30, 2023

Melbourne-Tillman Water Control District
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September 30, 2023



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**Melbourne-Tillman Water Control District
Board of Directors
As of September 30, 2023**

President

Philip Weinberg

Vice President

Joseph N. Hale

Other Directors

Brant Hoffman

Keith Jerdon

Don Jordan

Drew Powshok

John Woltering

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Melbourne-Tillman Water Control District

Report on the Audit of the Financial Statements***Opinion***

We have audited the accompanying financial statements of Melbourne-Tillman Water Control District (the "District"), a dependent special district of Brevard County, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditory Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District did not accrue for grant revenues earned but not received in fiscal year 2022 in accordance with generally accepted accounting principles, resulting in a prior period adjustment. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 9, 2024

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Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2023

The Melbourne Tillman Water Control District, a dependent special district of Brevard County, operates as an enterprise fund. A discussion of the District's financial performance for the year ending September 30, 2023 can be best understood given a brief background of the District.

History

The Melbourne-Tillman Water Control District is a dependent water control district of Brevard County reorganized in 1986 from its initial authorization as an independent district by the Florida Legislature in 1922. The District contains 100.8 square miles within its boundaries, approximately 64,500 acres. It is located in southern Brevard County and includes portions of the City of Palm Bay and the City of West Melbourne.

The District was initiated in the summer of 1921 through the presentation of a petition to the Circuit Court of Brevard County. This petition was for land reclamation for agricultural development and was signed by the required majority of landowners, by acreage, within the proposed boundaries of the District. After proper legal advertisement, a Decree was issued January 7, 1922 organizing and establishing the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913. The proposed plan called for a network of canals that would, in conjunction with a western levee separating surface flows from the St. Johns River, divert runoff eastward to Turkey Creek. Construction of the approved canal and levee system began in November of 1922.

Construction of the canals and levee system continued through 1928 when operations ceased due to funding difficulties. Work was estimated to be 85 percent complete and did not include the outfall dam. Throughout the following decades the District persevered and was reorganized in 1986 as a dependent district of Brevard County under Chapter 86-418, Florida Statutes and later codified under its current authorization as Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Chapter 2010-235, and Chapter 2019-175, Laws of Florida.

Today, the District successfully operates and maintains seventy-five canals, totaling over 163 miles, and a major water control structure. The primary canal serving the District, Canal C-1, traverses the District from the western levee, east to the primary water control structure at the outfall to Turkey Creek, a distance of approximately 9 miles.

Legislative Authority

The District operates under the authority of Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Chapter 2010-235, and Chapter 2019-175, Laws of Florida. In 1986, the Florida Legislature "declared and determined ... that a special district ... would be the most responsive, efficient, and effective local government entity to secure, operate, and maintain an adequate, dependable surface water management system ...". The Legislature created and incorporated the Melbourne-Tillman Water Control District as a dependent special district for the purpose of constructing, reconstructing and repairing, maintaining, and operating a surface water management system, previously managed by an independent district of the same name created pursuant to Chapter 298, Florida Statutes.

Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2023

The District is governed by a seven (7) member Board appointed by the City of Palm Bay (3 members), Brevard County (3 members), and the City of West Melbourne (1 member). The singular qualification is that members must reside within District boundaries for the tenure of their service. The Board of Directors has the power to establish a water management system to prevent damage from flooding, soil erosion, and excessive drainage; to promote the conservation, development, and proper utilization of surface and ground water; to preserve natural resources, fish, and wildlife; maintain water quality; and to preserve and protect natural systems within and surrounding the District.

The Board may authorize the cleaning, straightening, widening or the change of course or flow, alter or deepen any canal, ditch, drain, watercourse or natural stream within the District boundaries. The building and construction of other works and improvements to preserve and maintain the works of the District are also authorized.

Funding

As a dependent district, the Board of Directors adopts a tentative annual operating budget for each fiscal year, to be approved by the Board of County Commissioners as an Enterprise Fund under the County's budget process.

District revenues consist of Operating Revenues (User Fee Charges for Services, Interest Income and Permit Fees) and Non-Operating Revenues (Balance Forward from Reserves for Operating and Capital). The User Fee Charges for Services, a non-ad valorem fee based on the County's assessment of property size and use, represents the largest component of the District's revenues, generally 90 to 95 percent.

Basic Financial Statements: This and Past Fiscal Years

The most recent fiscal year, 2023, concluded with operations within the approved budget limitations; similar to the performance of the previous year, 2022.

Assets

As of September 30, 2023, the District's total assets include cash, investments, due from other governments, inventories, prepaids and property and equipment. Total assets increased from \$5,210k in 2022 to \$6,221k in 2023, an increase of \$1,011k, due mainly to a \$450k increase in current investments and \$17k increase in noncurrent investments, a \$417k increase in property and equipment as a result of current year additions offset by depreciation expense, an \$11k increase in due from other governments as a result of revenues received from the Save Our Indian River Lagoon cost share agreement and \$5k increase in inventories, offset by a \$23k decrease cash and cash equivalents.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2023**

Liabilities

As of September 30, 2023, total liabilities of approximately \$1,591k include accounts payable, wages payable, accrued compensated absences, post-employment benefit obligations, and pension liability. Total liabilities increased approximately \$128k from 2022 to 2023, due to an increase of \$136k in the net pension liability, as well as a \$27k increase in net other post-employment benefit obligations offset by a \$36k decrease in current liabilities.

Revenues

The District's total operating revenues for 2023 increased from 2022, with \$3,016k received in revenue in 2023 compared with \$2,647k received in 2022. The increase in revenue was caused by an increase in intergovernmental revenues from the Save Our Indian River Lagoon – Cost Share Program of \$484k, a \$52k increase in user fees revenue, and an offsetting decrease of \$167k in permit fees revenue.

Program Expenses

The District's expenses are divided into four areas: wages and benefits; material and supplies; depreciation expense; repairs, maintenance and other expenses.

Wages and benefits cover salaries and benefits for the District's budgeted staff of twenty. These costs increased \$194k from 2022 to 2023. Total wages and benefits expenditures in 2023 were \$1,709k compared with \$1,515k in 2022. The increase in 2023 was due to the annual required adjustments for the Florida Retirement System liability and for the other post-employment benefit obligations liability of \$190k.

Material and supplies expense decreased \$72k from \$366k to \$294k from 2022 to 2023, and includes primarily aquatic herbicide, parts for in-house repairs, fuels, tax assessment and tax collection fees, and transfer expenses. The decrease was due to less costs in Fuel, Gas & Oil and the decreased usage of Aquatic materials.

Repair and maintenance expenses include vehicle and equipment repair, facility and canal maintenance, repair and supply, and general insurance. Other expenses include communications, utilities, travel, training, professional services and administrative requirements. Total repair, maintenance and other expenses decreased \$15k from \$330k in 2022 to \$315k in 2023. The decrease is mainly due to a \$4k decrease in administrative requirements and a \$3k decrease in maintenance repair and supply.

Overall Financial Position

The District's net position increased by \$857k due mostly to the \$617k in intergovernmental revenue from the Save Our Indian River Lagoon – Cost Share Program, as well as \$209k in interest income. As of September 30, 2023, the District has an unrestricted net position of \$3,526k and \$1,245k invested in capital assets.

The overall financial position of the District is good. No significant change is anticipated.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2023**

Significant Capital Assets and Long-Term Debt Activity

The District's capital assets in 2023 increased slightly through major repairs and replacement of aged equipment. The District's planned purchase of assets was lower than expected due to delayed vendor production and delivery issues. New purchases included six 1 ½" x 50' hoses (\$4k) for the District's pumps, a Gravely Zereturn Mower (\$11k), a 2023 John Deere mowing tractor (\$94k), an HP Victus laptop (\$1k), and, due to a lightning strike, two Sonic Firewall TZ470W and switches (\$2k). The District's chemical storage building was replaced with a Polystar non-fire storage building (\$35k), the District's office building roof was replaced (\$16k), the ice machine was replaced (\$4k) and the District's phone system was replaced with a Gulfstream internet phone system (\$4k). Repairs to equipment included replacement of the mast and turret on the 2017 Diamond 22' mower (\$5k) and repair of the boom, boom cylinders, stick and cab bushings on the 2010 Komatsu PC200LC-8 excavator (\$35k). Equipment purchases include 2023 International HV dump truck (\$148k), 2023 LinkBelt 210X4LF long reach excavator (\$191k), 2023 John Deere 75G excavator with attachments (\$141k) and 2022 Ford F-350 flatbed truck (\$42k).

"New" means a piece of equipment not previously inventoried by the District – the actual equipment may be new or used. "Replacement" means a piece of equipment currently inventoried is being replaced. "Repair" means an existing piece of vehicle/equipment underwent significant repair work to keep it functioning.

No additional long-term debt was incurred and current long-term debt is zero (\$0).

Description of Currently Known Facts Expected To Have a Significant Effect on Financial Position

The District's user fee structure does not differentiate between developed and undeveloped parcels. Therefore, future growth or lack thereof, is not significant to the District's revenue stream. Growth, as defined by the development of agricultural lands or the build-out of large tracts of undeveloped residential parcels (not platted), can have a minor impact on increased revenues.

The completion of the St. Johns Heritage Parkway from Malabar Road to Ellis Road has increased development of agricultural portions of the District. Commercial development and expected growth in the area from future development have the potential to increase the District's revenue as agricultural properties are reclassified as residential or commercial.

The District retains 20 acres in the western portion of the District. The District has no immediate plans for developing the 20 acres.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2023**

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Lisa Blackett, Assistant Manager/Administrative Operations, (321) 723-7233, 5990 Minton Road, Palm Bay, Florida 32907.

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**MELBOURNE-TILLMAN
WATER CONTROL DISTRICT**

Basic Financial Statements

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Melbourne-Tillman Water Control District

Statement of Net Position

September 30,

2023

Assets

Current assets

Cash and cash equivalents	\$ 161,477
Investments, current	3,397,619
Due from other governments, net	472,410
Inventories	45,126
Prepaid expenses	134,131
Total current assets	4,210,763

Noncurrent assets

Investments, noncurrent	764,801
Capital assets	
Non-depreciable	277,821
Depreciable, net	967,111
Total noncurrent assets	2,009,733

Total assets	6,220,496
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Deferred Outflows of Resources

Deferred outflows - other post-employment benefits	52,332
Deferred outflows - pension	236,949
Total deferred outflows of resources	289,281

Liabilities

Current liabilities

Accounts payable	37,067
Accrued wages payable	48,540
Compensated absences	119,598
Total current liabilities	205,205

Noncurrent liabilities

Net other post-employment benefit liability	107,788
Net pension liability	1,277,580
Total noncurrent liabilities	1,385,368

Total liabilities	1,590,573
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Deferred Inflows of Resources

Deferred inflows - pension	147,947
Total deferred inflows of resources	147,947

Net Position

Invested in capital assets	1,244,932
Unrestricted	3,526,325

Total net position	\$ 4,771,257
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The accompanying notes are an integral part of these financial statements.

Melbourne-Tillman Water Control District
Statement of Revenues, Expenses and Changes in Net Position

For the year ended September 30,

2023

Operating Revenues

User fees	\$ 2,274,381
Permit fees	124,995
Intergovernmental revenues	616,748
Total operating revenues	3,016,124

Operating Expenses

Wages and benefits	1,709,243
Material and supplies	294,030
Depreciation expense	311,407
Repairs, maintenance and other expenses	315,143
Total operating expenses	2,629,823

Operating Income	386,301
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Non-operating Revenues (Expenses)

Interest income	209,085
Loss on disposal of fixed assets	(974)
Total non-operating revenues	208,111

Change in Net Position	594,412
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Net position, beginning of year, as previously reported	3,914,301
Prior period adjustment (see Note 2)	262,544

Net position, beginning of year, as restated	4,176,845
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Net position, end of year	\$ 4,771,257
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The accompanying notes are an integral part of these financial statements.

Melbourne-Tillman Water Control District

Statement of Cash Flows

For the year ended September 30,

2023

Cash Flows from Operating Activities

Cash received from users and government agencies	\$ 3,133,676
Cash paid to suppliers for goods and services	(612,846)
Cash paid to employees for services	(1,556,975)

Net cash provided by operating activities	963,855
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Cash Flows from Capital and Related Financing Activities

Acquisition of capital assets	(729,332)
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Net cash used in capital and related financing activities	(729,332)
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Cash Flows from Investing Activities

Interest on investments	209,085
Purchase of investments	(466,641)

Net cash used in investing activities	(257,556)
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Decrease in cash and cash equivalents	(23,033)
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Cash and cash equivalents, beginning of year	184,510
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Cash and cash equivalents, end of year	\$ 161,477
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The accompanying notes are an integral part of these financial statements.

Melbourne-Tillman Water Control District
Statement of Cash Flows (Continued)

For the year ended September 30,

2023

**Reconciliation of Operating Income to Net Cash Provided By
Operating Activities**

Operating income	\$ 386,301
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	311,407
Changes in assets, deferred outflows, liabilities and deferred inflows:	
(Increase) decrease in assets and deferred outflows	
Inventories	(5,390)
Due from other governments, net	251,683
Deferred outflows - pension	51,330
Deferred outflows - other post-employment benefits	(25,914)
Increase (decrease) in liabilities and deferred inflows	
Accounts payable	1,717
Net pension liability	136,361
Deferred inflows - pension	484
Net other post-employment benefit liability	27,337
Accrued wages payable	(37,330)
Total adjustments	577,554
Net cash provided by operating activities	\$ 963,855

The accompanying notes are an integral part of these financial statements.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Melbourne-Tillman Water Control District (the “District”), a dependent special district of Brevard County, Florida as defined under Sections 165.031(5) and 200.001(8)(d), Florida Statutes, was restructured October 1, 1986 by Chapter 86-418, Special Acts of Florida, from an independent district to a dependent district, to continue to provide a surface water management system by means of dikes and canals for 62,000 acres of land in South Brevard County. The District was originally organized and established by decree of the Circuit Court of Brevard County on January 7, 1922 as the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The more significant of these accounting policies are described below.

Reporting Entity

The Melbourne-Tillman Water Control District, a dependent special district of Brevard County, is governed by a seven member Board of Directors comprised of three members appointed by the Brevard County Board of Commissioners, three members appointed by the City of Palm Bay and one member appointed by the City of West Melbourne. Melbourne-Tillman Water Control District does not meet the fiscal dependency and financial benefit or burden criteria and the County has determined that it would not be misleading to exclude the District from its reporting entity; therefore it is not included in the County’s financial statements. The District remains a dependent special district of the County because the County approves the user fees.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The proprietary funds are reported using the *economic resource measurement* focus and the *accrual basis of accounting*.

The District uses the proprietary fund basis of presentation for its financial statements. The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles are those applicable to similar businesses in the private sector. These funds are maintained on the accrual basis of accounting. The following is a description of the sole proprietary fund of the District.

Enterprise Fund - The District operates as an enterprise fund that accounts for the construction, operation and maintenance of the District.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

This fund is used to account for the acquisition, operation and maintenance of District facilities and services that are entirely or predominantly self-supported by user fees. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Basis of accounting refers to the point at which revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund is user fees charged to customers for services. Operating expenses include the cost of services, which mainly consists of wages, benefits, and materials, as well as administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information

Budgetary Basis of Accounting

The budgetary policy for the Board of Directors of the District involves establishing an annual operating expense budget. A tentative annual operating expense budget is to be adopted prior to July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of County Commissioners action is required for the approval of a supplemental or amended budget.

Budgetary control is maintained at the line item level. The budget is prepared on an accrual basis of accounting, which is consistent with generally accepted accounting principles. All appropriations that are not expensed or committed lapse at year end.

Actual results of operations presented in accordance with generally accepted accounting principles (GAAP basis) and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the District's legally adopted budget.

Melbourne-Tillman Water Control District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The investing of public funds with the State Board of Administration ("Florida Prime") is governed by Section 218.407, Florida Statutes. The investments with the State Board of Administration and Florida Counties Investment Trust consist largely of Federal Agency Obligations, Certificates of Deposit, Repurchase Agreements, Bankers Acceptance and Commercial Paper.

The District's investment in the Florida Prime is reported at amortized cost. The fair value of the District's position in the pool is equal to the value of pooled shares. As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The District also invests in certificates of deposit held by a bank, which are held to maturity and are nonparticipating interest-earning investment contracts. These certificates of deposit are valued at cost plus accrued interest per GASBC ISO: Investments.

Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market method. Inventories consist of herbicides and supplies held for use in maintaining the canals. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment are valued at historical cost or at fair market value for those assets contributed. Capital assets are defined by the District as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of two years.

Land and rights of way are not depreciated. The other property, plant, equipment are depreciated using the straight line method.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

Capital Assets (Continued)

Depreciation of the District's exhaustible fixed assets is charged as an expense against their operations and is closed to net position. Accumulated depreciation is reported on the District's statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital assets	Lives
Buildings	25 years
Improvements other than buildings	5-25 years
Equipments	5-7 years

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The District has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pensions* and the deferred outflows related to *other post-employment benefits*, both reported on the statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to other post-employment benefits are an aggregate of items related to other post-employment benefits as calculated in accordance with GASB Codification Section P52: *Other Post-employment Benefits*. The deferred outflows related to other post-employment benefits will be recognized as either benefits expense or a reduction in the net other post-employment benefits liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one (1) item that qualifies for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

Compensated Absences

All regular full-time employees of the District are eligible for vacation leave. Each employee working a normal week earns vacation leave at certain rates depending on the employee's length of service. All vacation leave is accrued when earned in the statement of net position. Earned vacation leave may be accumulated provided the leave balance at the end of the calendar year does not exceed 300 hours. Hours in excess of 300 at the end of the calendar year are forfeited. Employees may trade earned vacation leave for payment one time annually under certain guidelines.

Sick leave is accumulated at a rate of 8 hours per month with less than 10 years of service, and at a rate of 12 hours per month with greater than 10 years of service. Sick leave may be accumulated up to 960 hours. Employees may trade earned sick leave for vacation leave or for payment up to a total of 320 hours annually under certain guidelines. Employees who resign in good standing will be paid for half of any unused sick leave up to a maximum of 480 hours.

Defined Benefit Pension Plans

The District participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The District's employer contributions are recognized when due, and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Other Post-employment Benefits (OPEB) Liability

The District participates in a single employer, defined benefit, other post-employment plan. The District does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC P52: Other Post-employment Benefits.

Revenues

The District is permitted by state law to levy user fees. The user fees assessed are computed by the designation of land classification to parcels of land, based on three different classifications of land use, multiplied by a specified billing rate. The billing rate used has been determined by the Board of Directors and approved by the Brevard County Commission.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued)

User fee assessment and collection have been consolidated with Brevard County. A service fee is paid to the County for a proportionate share of the tax roll cost. The County tax collector periodically remits collections and their fees are deducted from the disbursement received by the District. Brevard County's assessments calendar is as follows:

Lien date	-	January 1
Levy date	-	Prior to September 30
Due date	-	November 1
Delinquent date	-	April 1

All user fees considered part of the County tax for enforcement and collection purposes remaining unpaid at May 30 are subject to a tax certificate sale by the Tax Collector.

The District also recognizes revenue from the issuance of permits, interest earnings on investments, charges for services and other miscellaneous sources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the the defined benefit pension plans and OPEB.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 9, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The District implemented the following standard during the current year:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 2: PRIOR PERIOD RESTATEMENTS

Correction of an Error

In Fiscal 2023, the District restated opening net position to correct an error in the prior year's financial statements.

Adjustments to opening net position are enumerated below:

Net position, September 30, 2022, as previously reported	\$	3,914,301
Adjustment for error correction		262,544
Net position, September 30, 2022, restated	\$	4,176,845

The closing balance of intergovernmental revenue and due from other governments as reported in the prior year financial statements did not include a grant receivable and the intergovernmental revenue for which services were performed and should have been recorded as a receivable in 2022 even though the revenue was actually collected in fiscal year 2023.

Note 3: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS

Deposits and Investments

At September 30, 2023, the District's carrying amount of cash deposits was \$161,277 and the bank balance was \$358,940. In addition, the District reported petty cash of \$200. As of September 30, 2023, the District maintains cash balances at several banks that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 218.415, Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2023, the District had \$3,397,619 invested. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

Melbourne-Tillman Water Control District Notes to Financial Statements

Note 3: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

Deposits and Investments (Continued)

At September 30, 2023, the District had the following investments:

Investment type	Investment Maturities (in years)					Rating	Agency
	Cost Plus Accrued Interest	Less than 1	1 - 5	6 - 10	More than 10		
Certificates of Deposit	\$ 764,801	\$ -	\$ -	\$ 764,801	\$ -	NR	
Total	\$ 764,801	\$ -	\$ -	\$ 764,801	\$ -		

The Florida Prime investments in external pools, though measured at fair value, are not categorized within the fair value hierarchy. The District had \$3,397,619 in investments in the SBA Florida Prime at September 30, 2023.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2023, the District’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firm and are segregated out from the assets and investments held by other clients of the investment firm and their own assets.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The District’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months. A portfolio’s WAL is the dollar weighted average length of time until securities held reach maturity. A portfolio’s WAM is the dollar weighted average maturity. The WAL of the Florida Prime was 75 days and the WAM was 35 days at September 30, 2023.

Credit risk – Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District’s investment policy limits investments to securities with specific ranking criteria.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 3: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

Deposits and Investments (Continued)

Concentration risk – Section 150: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The District's investment policy does not address concentration risk.

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 277,820	\$ -	\$ -	\$ 277,820
Rights-of-way	1	-	-	1
Total capital assets, not being depreciated	277,821	-	-	277,821
Capital assets, being depreciated:				
Buildings	417,997	50,400	-	468,397
Improvements other than buildings				
Outfalls	7,043,643	-	-	7,043,643
Water control structure	1,105,535	-	-	1,105,535
Site plan improvements	510,278	-	-	510,278
Equipment				-
Vehicles and heavy equipment	3,346,324	652,300		3,998,624
Small equipment	72,346	14,412	(10,079)	76,679
Office furniture and fixtures	57,398	12,220	(2,621)	66,997
Total capital assets being depreciated	12,553,521	729,332	(12,700)	13,270,153
Less accumulated depreciation for:				
Buildings	(353,806)	(14,766)	-	(368,572)
Improvements other than buildings				
Outfalls	(7,043,643)		-	(7,043,643)
Water control structure	(1,105,535)	-	-	(1,105,535)
Site plan improvements	(489,304)	(4,573)	-	(493,877)
Equipment				
Vehicles and heavy equipment	(2,895,080)	(283,958)		(3,179,038)
Small equipment	(66,051)	(5,732)	10,079	(61,704)
Office furniture and fixtures	(49,943)	(2,378)	1,648	(50,673)
Total accumulated depreciation	(12,003,362)	(311,407)	11,727	(12,303,042)
Total capital assets being depreciated, net	550,159	417,925	(973)	967,111
Business-type activities capital assets, net	\$ 827,980	\$ 417,925	\$ (973)	\$ 1,244,932

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 3: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

Capital Assets (Continued)

Depreciation expense for the year ended September 30, 2023 was \$311,407.

The rights-of-way consist of canals and rights of access to the canals acquired by the District at the inception of the District. Due to the uncertainty of the fair market value, management determined all the rights-of-way were recorded at a nominal value of \$1 in total, as of inception of the District.

Due From Other Governments, Net

Due from other governments, net, consists of receivables from the Federal Emergency Management Agency (FEMA) and the Save Our Indian River Lagoon-Cost Share Funding Program. FEMA receivables are passed through the Florida Division of Emergency Management for Hurricane Irma costs that were obligated for payment in prior fiscal years but not yet paid. \$241,346 is due from the federal government and \$12,702 due from the State of Florida. These costs are net of an allowance of \$4,351 for questioned contract costs. The receivables from the Save Our Indian River Lagoon-Cost Share Funding Program is for work completed and invoiced in the current year but not yet paid. \$218,362 is also due from Brevard County, Florida.

Compensated Absences

Following is a summary of changes in compensated absences for the year ended September 30, 2023.

		Beginning Balance		Additions		Reductions		Ending Balance	Due Within One Year
Compensated absences	\$	155,199	\$	60,312	\$	(95,913)	\$	119,598	\$ 119,598

Note 4: RETIREMENT PLAN

Defined Benefit Plan

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

	FRS	HIS
Regular class	11.57%	2.00%
Special risk class	30.67%	2.00%
Senior management service class	32.52%	2.00%
Elected officials	56.68%	2.00%
DROP from FRS	19.13%	2.00%

The employer's contributions for the year ended September 30, 2023 were \$115,690 to the FRS Pension Plan and \$17,968 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 858,838	\$ 418,742
Proportion at:		
Current measurement date	0.002155348%	0.002636696%
Prior measurement date	0.002292426%	0.002721516%
Pension expense	\$ 155,892	\$ 150,645

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,637	\$ -	\$ 6,130	\$ (983)
Changes in assumptions	55,986	-	11,009	(36,285)
Net difference between projected and actual earnings on pension plan investments	35,867	-	216	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,989	(90,888)	6,238	(19,791)
Employer contributions subsequent to the measurement date	21,382	-	4,495	-
Total	\$ 208,861	\$ (90,888)	\$ 28,088	\$ (57,059)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS		HIS
2024	\$ 13,164	\$ (5,847)	
2025	(5,216)	(3,545)	
2026	78,991	(5,899)	
2027	7,503	(11,570)	
2028	2,149	(6,129)	
Thereafter	-	(476)	
Total	\$ 96,591	\$ (33,466)	

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Melbourne-Tillman Water Control District Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Employer's proportionate share of the net pension liability	\$ 1,467,070	\$ 858,838	\$ 349,979	\$ 477,720	\$ 418,742	\$ 369,854

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 4: RETIREMENT PLAN (Continued)

Defined Benefit Plan (Continued)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023, totaled \$24,491.

Note 5: OTHER POST EMPLOYMENT BENEFITS

Plan description

As a dependent District of Brevard County, Florida (the "County"), the District is a member of the County's benefit plan. The Brevard County Board of County Commissioners (the "Board") administers a single employer defined benefit healthcare plan (the "Plan") that provides health care benefits including medical coverage and prescription drug benefits to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the County's pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. The District's portion of the Plan includes 7 inactive retirees and a total of 19 active participants.

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. The Board or District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District's basic financial statements.

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 5: OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding policy

The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,711 and \$12,921 for retirees and spouses under age 65 and between \$1,993 and \$5,945 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2023, none of the contribution was attributed to the District.

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2023 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	100.00 percent of the rate of medical inflation.
Salary increases	2.00 percent projected annual salary increase
Discount rate	4.77 percent investment rate of return
Healthcare cost trend rates	5.50 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	44.00 percent of annual premium cost

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2022 actuarial valuation, the Entry Age Normal, Level Percent of Pay cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 5.50% initially, reduced by decrements to an ultimate rate of 5.00% after one year. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2023 the District reported a Net OPEB liability of \$107,788. The GASB 75 information has been provided as of the September 30, 2023 measurement date.

Melbourne-Tillman Water Control District Notes to Financial Statements

Note 5: OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions and other inputs (Continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2022 for FYE 2022	\$ 80,451	\$ -	\$ 80,451
Changes for the year:		-	
Service cost	8,719	-	8,719
Interest	4,643	-	4,643
Changes of assumptions	39,230	-	39,230
Difference between expected and actual experience	-	-	-
Benefit payments	(25,255)	-	(25,255)
Net changes	27,337	-	27,337
Balance as of October 1, 2023 for FYE 2023	\$ 107,788	\$ -	\$ 107,788

The discount rate, 4.77% as of September 30, 2023 remains consistent with period end September 30, 2022. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2022 with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

Sensitivity of the OPEB liability

The following table represents the District's total OPEB liability calculated using the discount rate of 4.77%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.77%) or one percentage point higher (5.77%) than the current rate:

	1% Decrease (3.77%)	Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB Liability	\$ 117,750	\$ 107,788	\$ 99,085

Melbourne-Tillman Water Control District Notes to Financial Statements

Note 5: OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB liability (Continued)

The following table represents the District's total and net OPEB liability calculated using the health care cost trend rate of 5.5%, as well as what the District's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 98,863	\$ 107,788	\$ 117,997

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended September 30, 2023, the District recognized an OPEB expense of \$20,506. In addition the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,713	\$ -
Change of assumptions	33,619	-
Total	\$ 52,332	\$ -

Other amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30,	
2024	\$ 7,144
2025	7,144
2026	7,144
2027	8,673
2028	8,451
Thereafter	13,776
Total	\$ 52,332

Melbourne-Tillman Water Control District

Notes to Financial Statements

Note 6: RELATED PARTY TRANSACTIONS

Due to the District's structure and the nature in which Board Members are appointed, the County is considered a related party to the District. During the year ended September 30, 2023, the District paid tax assessment and collection fees to the County of \$51,803.

Note 7: RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to theft, natural disasters, damage to or destruction of assets, equipment, and monetary assets as well as liability for personal injury, property damage and consequence of public officials. In order to limit this exposure, the District purchases insurance related to property and inland marine coverage, general liability, public officials and employment practices liability, automobile, crime, workers' compensation, pollution liability and common declaration and endorsements to cover heavy equipment. Settled claims have not exceeded the coverage in any of the past three fiscal years and there has not been a reduction in coverage levels for the fiscal year ended September 30, 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

Melbourne-Tillman Water Control District
Schedule of Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

Florida Retirement System (FRS)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0022%	0.0023%	0.0023%	0.0027%	0.0026%	0.0024%	0.0024%	0.0027%	0.0025%	0.0026%
District's proportionate share of the net pension liability	\$ 858,838	\$ 852,967	\$ 177,301	\$ 1,159,891	\$ 893,828	\$ 724,584	\$ 717,706	\$ 684,373	\$ 327,442	\$ 156,994
District's covered payroll	\$ 1,035,061	\$ 941,085	\$ 916,635	\$ 902,650	\$ 884,895	\$ 775,202	\$ 639,294	\$ 758,656	\$ 769,218	\$ 767,263
District's proportionate share of the net pension liability as a percentage of its covered payroll	82.97%	90.64%	19.34%	128.50%	101.01%	93.47%	112.27%	90.21%	42.57%	20.46%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy (HIS)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0027%	0.0027%	0.0027%	0.0029%	0.0028%	0.0027%	0.0028%	0.0031%	0.0030%	0.0029%
District's proportionate share of the net pension liability	\$ 418,742	\$ 288,252	\$ 335,408	\$ 353,278	\$ 312,696	\$ 290,607	\$ 297,028	\$ 356,596	\$ 307,877	\$ 266,699
District's covered payroll	\$ 1,035,061	\$ 941,085	\$ 916,635	\$ 902,650	\$ 884,895	\$ 775,202	\$ 639,294	\$ 758,656	\$ 769,218	\$ 767,263
District's proportionate share of the net pension liability as a percentage of its covered payroll	40.46%	30.63%	36.59%	39.14%	35.34%	37.49%	46.46%	47.00%	40.02%	34.76%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

Melbourne-Tillman Water Control District
Schedule of Contributions
Last Ten Fiscal Years

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 115,690	\$ 107,951	\$ 89,935	\$ 95,347	\$ 86,121	\$ 71,994	\$ 64,704	\$ 69,492	\$ 61,808	\$ 56,361
Contributions in relation to the contractually required contribution	(115,690)	(107,951)	(89,935)	(95,347)	(86,121)	(71,994)	(64,704)	(69,492)	(61,808)	(56,361)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,072,499	\$ 922,748	\$ 906,146	\$ 902,496	\$ 903,111	\$ 830,246	\$ 610,069	\$ 726,968	\$ 769,218	\$ 767,263
Contributions as a percentage of covered payroll	10.79%	11.70%	9.93%	10.56%	9.54%	8.67%	10.61%	9.56%	8.04%	7.35%

Health Insurance Subsidy (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 17,968	\$ 16,726	\$ 15,220	\$ 16,677	\$ 16,043	\$ 14,925	\$ 14,523	\$ 15,432	\$ 11,540	\$ 9,771
Contributions in relation to the contractually required contribution	(17,968)	(16,726)	(15,220)	(16,677)	(16,043)	(14,925)	(14,523)	(15,432)	(11,540)	(9,771)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,072,499	\$ 922,748	\$ 906,146	\$ 902,496	\$ 903,111	\$ 830,246	\$ 610,069	\$ 726,968	\$ 769,218	\$ 767,263
Contributions as a percentage of covered payroll	1.68%	1.81%	1.68%	1.85%	1.78%	1.80%	2.38%	2.12%	1.50%	1.27%

Melbourne-Tillman Water Control District

Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios –

Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Service cost	\$ 8,719	\$ 4,357	\$ 1,774	\$ 4,051	\$ 3,843	\$ 7,250
Interest	4,643	2,003	2,706	1,277	1,731	2,636
Difference between expected and actual experience	-	16,715	(14,656)	57,143	(8,304)	(33,870)
Changes of assumptions	39,230	(13,168)	(4,187)	49,463	1,669	(1,948)
Benefit payments	(25,255)	(23,792)	(35,474)	(5,714)	(3,630)	(8,101)
Net change in total OPEB liability	27,337	(13,885)	(49,837)	106,220	(4,691)	(34,033)
Total OPEB liability - beginning	80,451	94,336	144,173	37,953	42,644	76,677
Total OPEB liability - ending	\$ 107,788	\$ 80,451	\$ 94,336	\$ 144,173	\$ 37,953	\$ 42,644
Covered-employee payroll	\$ 978,750	\$ 961,835	\$ 878,833	\$ 1,077,851	\$ 1,021,337	\$ 926,931
Total OPEB liability as a percentage of covered-employee payroll	11.01%	8.36%	10.73%	13.38%	3.72%	4.60%

Note 1: Only six years of data are available for other post-employment benefits in accordance with GASBC P52: Other Post-employment Benefits.

**ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND THE RULES OF THE AUDITOR GENERAL**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Melbourne-Tillman Water Control District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Melbourne-Tillman Water Control District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Melbourne-Tillman Water Control District's basic financial statements, and have issued our report thereon dated April 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Melbourne-Tillman Water Control District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Melbourne-Tillman Water Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Melbourne-Tillman Water Control District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2023-001, that we consider to be a material weakness.

IC 2023-001 REVENUE RECOGNITION – *Material Weakness*

Criteria: GASB Codification (GASBC) 1600, Basis of Accounting requires the use of full accrual basis of accounting when recognizing revenue for enterprise funds.

Condition: The District did not properly accrue revenue and receivables at September 30, 2022 totaling \$262,544, consistent with GAAP, for services performed in fiscal year 2022 for the Save Our Indian River Lagoon cost sharing program. This resulted in an understatement of both revenue and receivables in the prior year 2022 and an overstatement in revenues in the current year 2023, prior to audit adjustment. The District also did not accrue for revenue and receivables at September 30, 2023 totaling \$218,362 for services performed in fiscal year 2023, resulting in an understatement of revenue and receivables in the current year, prior to audit adjustment.

Cause: The District recorded the grant revenues in the periods in which the payments were collected rather than accruing for the grant receivables in the periods in which the services were performed and the revenues were earned.

Effect: Intergovernmental revenue and due from other governments was understated in the prior period 2022, and intergovernmental revenue was overstated in the current year 2023 by \$262,544. Also, intergovernmental revenue and due from other governments was understated in the current year 2023 by \$218,362. As a result, audit adjustments were made to correct revenue recognized in fiscal year 2023 as well as to record a prior period adjustment to beginning net position to correct for 2022.

Recommendation: We recommend the District review grant contracts and grant reimbursement requests at year-end to evaluate if there is work performed during the year that need to be recognized as earned revenue and receivables per the contracts.

Management's Response: The District agrees with the recommendation and will implement an internal control process to include financial reporting integrity in the District's grant contract and reimbursement agreement compliance practices. The District Manager will evaluate the grant contracts and reimbursement agreements prior to the end of the fiscal year to ensure all revenue and receivables are properly recognized according to the appropriate accounting standards.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Melbourne-Tillman Water Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Melbourne-Tillman Water Control District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Melbourne-Tillman Water Control District's response to the finding identified in our audit and described above. Melbourne-Tillman Water Control District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 9, 2024

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors
Melbourne-Tillman Water Control District

Report on the Financial Statements

We have audited the financial statements of Melbourne-Tillman Water Control District (the "District"), a dependent special district of Brevard County, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 9, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 9, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The District did not have any findings in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Melbourne-Tillman Water Control District is disclosed in the footnotes. Melbourne-Tillman Water Control District has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Melbourne-Tillman Water Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Melbourne-Tillman Water Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Melbourne-Tillman Water Control District. It is management's responsibility to monitor the Melbourne-Tillman Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Melbourne-Tillman Water Control District reported the schedule below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

- | | |
|--|--------------|
| a. Total number of District employees compensated in the last pay period of the District's fiscal year as | 16 |
| b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as | None |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as | \$ 1,072,184 |
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as | None |
| e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects as | None |
| f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes as follows: | |

<i>Year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues				
User fees	\$ 2,384,346	\$ 2,384,346	\$ 2,274,381	\$ (109,965)
Permit fees	30,000	30,000	124,995	94,995
Intergovernmental revenues	-	162,169	616,748	454,579
Total operating revenues	2,414,346	2,576,515	3,016,124	439,609
Operating Expenses				
Wages and benefits	1,673,856	1,673,856	1,709,243	(35,387)
Material and supplies	407,802	421,148	294,030	127,118
Depreciation expense	-	-	311,407	(311,407)
Repairs, maintenance and other expenses	1,234,840	1,777,373	315,143	1,462,230
Total operating expenses	3,316,498	3,872,377	2,629,823	1,242,554
Operating Income (Loss)	(902,152)	(1,295,862)	386,301	1,682,163
Non-operating Revenues (Expenses)				
Interest income	25,000	25,000	209,085	184,085
Loss on disposal of fixed assets	-	-	(974)	(974)
Total non-operating revenues	25,000	25,000	208,111	183,111
Change in net position	(877,152)	(1,270,862)	594,412	1,865,274
Net position, beginning of year, as previously reported	3,914,301	3,914,301	3,914,301	-
Prior period adjustment	-	-	262,544	-
Net position, beginning of year, as restated	3,914,301	3,914,301	4,176,845	262,544
Net position, end of year	\$ 3,037,149	\$ 2,643,439	\$ 4,771,257	\$ 2,127,818

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Melbourne-Tillman Water Improvement District reported:

- | | |
|--|------|
| a. The rate or rates of non-ad valorem special assessments imposed by the District as | None |
| b. The total amount of special assessments collected by or on behalf of the District as | None |
| c. The total amount of outstanding bonds issued by the District and the terms of such bonds as | None |

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 9, 2024

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Directors
Melbourne-Tillman Water Control District

We have examined Melbourne-Tillman Water Control District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of Melbourne-Tillman Water Control District is responsible for Melbourne-Tillman Water Control District's compliance with the specified requirements. Our responsibility is to express an opinion on Melbourne-Tillman Water Control District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Melbourne-Tillman Water Control District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Melbourne-Tillman Water Control District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.

Our examination does not provide a legal determination on Melbourne-Tillman Water Control District's compliance with specified requirements.

In our opinion, Melbourne-Tillman Water Control District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

This report is intended solely for the information and use of management, the Board of Directors, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
April 9, 2024